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SECURITY INFORMATION

31 July 1952

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~~TOP SECRET~~



3.5(c)

SUMMARY

GENERAL

- 1. Stalin reportedly accepts division of Germany (page 3).

SOVIET UNION

- 2. Southern Kurils regiment may have MIG-15's (page 3).

FAR EAST

- 3. Letourneau's promise of secession rights to Associated States censored (page 4).

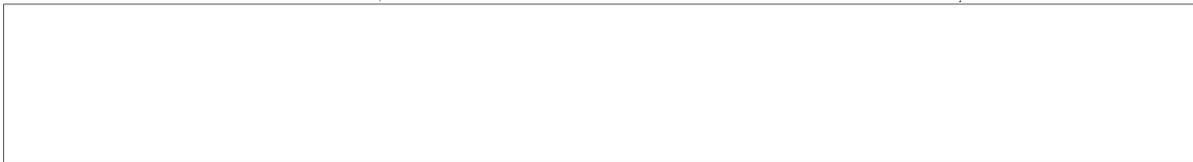
NEAR EAST - AFRICA

- 4. Shah and Court fear National Front reprisals (page 5).
- 5. Mossadeq thoroughly discouraged over Iranian finances (page 5).
- 6. Communists stand to benefit from Iranian riots (page 6).
- 7. Maraghi reportedly arrested in attempted coup against Egyptian Army (page 7).

WESTERN EUROPE

- 8. Portuguese Defense Minister may be removed over question of military expenditures (page 7).

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3.5(c)

~~TOP SECRET~~



3.5(c)

~~TOP SECRET~~

3.5(c)

GENERAL

1. Stalin reportedly accepts division of Germany:

[redacted] Italian Socialist leader Nenni reportedly was told by members of the Soviet Politburo entourage that Stalin regarded the present exchange of notes on Germany as futile, and that Germany faces continued division and a new "equation of forces" to be determined by the success of both sides in re-arming the Germans.

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Apparently taking his cue directly from Stalin, Nenni voiced the opinion that Germany was not necessarily the greatest danger spot, but that it could be Japan, Iran or some other country.

Comment: The Soviet Union will probably continue its propaganda campaign for German unity, at the same time proceeding with the satellization of East Germany.

SOVIET UNION

2. Southern Kurils regiment may have MIG-15's:

[redacted] [redacted] a Tenth Air Army fighter regiment based in the southern Kurils, previously noted undergoing jet conversion training, may now have received MIG-15's. Twenty-five MIG-15's were scheduled to fly from Sokol airbase on Sakhalin to Tennei air field on Iturup Island between 11 and 23 July and apparently were not to return.

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- 3 -

~~TOP SECRET~~

3.5(c)

~~TOP SECRET~~

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Comment:

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The omission of return-flight schedules for the jet aircraft suggests that they were being ferried as part of a re-equipment program.

Seven of the nine fighter regiments on Sakhalin have been totally or partially re-equipped with jet planes during the past year. There are only two fighter regiments known to be in the Kurils.

FAR EAST

3. Letourneau's promise of secession rights to Associated States censored:

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Referring to Letourneau's 17 June statement in Washington that the French Union was "not a prison" and that its member states would eventually have the right to secede, a member of the American Embassy in Saigon pointed out to a high French official that the text of these remarks had not been published in Indochina and apparently not in France. The official replied that these statements could not be placed on public record because President Auriol had wired to Letourneau while the latter was still in Washington and expressed concern over them.

Comment: Letourneau's remarks were widely publicized in the United States during his negotiations in Washington as evidence that France had adopted a more liberal colonial policy. Censorship of Letourneau's declaration suggests that the French Government's position is still fundamentally at variance with the Vietnamese nationalist demands for full independence.

The French always have conceived of the independence of the Associated States "within the French Union," and apparently want to delay clarification of this issue until the military situation has been settled.

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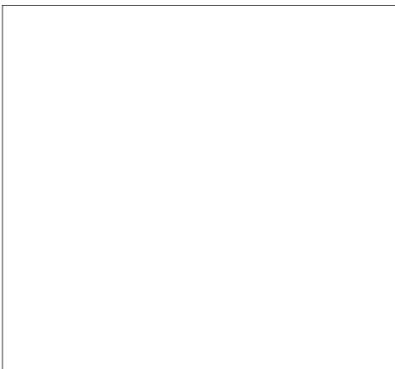
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NEAR EAST - AFRICA

4. Shah and Court fear National Front reprisals:



Members of the Iranian royal family are demoralized and openly critical of the Shah for his failure to support ex-Prime Minister Qavam,

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Ambassador Henderson reports that the Queen Mother and Princess Ashraf are planning to leave Iran.

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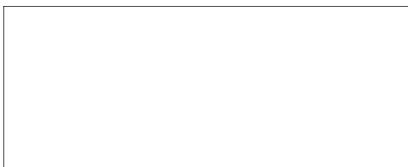
The National Front has criticized the Shah's advisers, and the Prime Minister's son has predicted a "clean sweep of courtiers from the Shah's palace."

According to Minister of Court Ala, the Shah considers it unwise to meet with foreign representatives at this time.

Comment: The Shah apparently fears that any contact with foreigners would arouse further resentment against him.

The Queen Mother and other members of the royal family have actively supported Qavam, and they probably expect National Front reprisals.

5. Mossadeq thoroughly discouraged over Iranian finances:



Mossadeq has given up hope of obtaining financial aid from the United States, according to Minister of Court Ala. Since assistance could not be expected from Great Britain, Ala added, the Prime Minister was thoroughly discouraged and did not know how to cope with Iran's critical financial situation.

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Ala intimated that Iran would go Communist if it did not receive aid from the United States.

Comment: Mossadeq has frequently used the threat of Communism to support his requests for American aid.

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6. Communists stand to benefit from Iranian riots:

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The Shah's lack of leadership and his indecision during Qavam's short term of office seriously damaged the ruler's prestige and weakened his command of the army. Conservative political leaders will no longer be able to displace Mossadeq.

Should the Prime Minister be removed from the scene, the National Front would probably break into small factions, with many members defecting to the Tudeh. Because of Tudeh-instigated riots and propaganda, anti-American sentiment has risen sharply.

Comment: The Nationalists' refusal to cooperate with the Communists following the rioting suggests that the Tudeh will derive little immediate advantage from its collaboration with them. The Tudeh, however, gained strength and experience from the riots.

Tudeh success in turning nationalist sentiment against the United States has increased the likelihood that the US military missions will be withdrawn. The consequent weakening of the effectiveness of the army, the lowered prestige of conservative elements, and the inherent weakness of the nationalist coalition all contribute to the Tudeh potential for action at a future date.

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~~TOP SECRET~~

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7. Maraghi reportedly arrested in attempted coup against Egyptian Army:

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Former Minister of Interior Maraghi was reportedly arrested on 26 July because of his involvement in a Palace attempt to use the Egyptian police in a counter-coup

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against the Nagib army clique.

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the revelation of the Palace-inspired plot was responsible for the arrest of leading police officers, as well as for the army's 26 July encirclement of the King's residence and Nagib's subsequent demand that Farouk abdicate. Nagib charged that the King had broken faith with the army, which he had agreed to support in return for retaining his throne.

Comment: The army's reported action against Maraghi and the police is further evidence of Nagib's success in consolidating his control of Egypt's internal affairs.

The extent of Nagib's political ambitions will probably be indicated when the composition of the Regency Council is revealed.

WESTERN EUROPE

8. Portuguese Defense Minister may be removed over question of military expenditures:

[Redacted]

Portuguese Defense Minister Santos Costa will soon be replaced by Theotonio Pereira, former Ambassador to the United States,

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Credibility is lent to this report by the refusal of Premier Salazar and some cabinet ministers to underwrite what they feel are overly ambitious defense plans, and by growing apprehension that Portugal's interests are being neglected by the major NATO powers.

The American Army Attache in Lisbon further comments that Santos Costa's removal would provide Salazar the necessary face-saving gesture if Portugal should decide to renounce some or all of its NATO commitments.

Comment: Santos Costa has been the chief proponent of military cooperation with the other Western powers. Although Theotonio Pereira is personally friendly to the United States, his replacement of Santos Costa could presage a drastic revision of Portugal's relations with the United States and NATO. Portugal has already intimated that it might leave NATO if its demands for military equipment are not met.

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